

PROGRESS REPORT ON GOVERNOR JOHN KITZHABER'S RURAL STRATEGY

Updated January 12, 1995

PROBLEM STATEMENT

While the state's economy is growing at a healthy rate, fueled by immigration and economic diversification, a large part of rural Oregon is not keeping pace. The state has lost 25,000 forest products related jobs in the last few years. In many rural areas those jobs have not been replaced. With these losses, essential services--like schools and hospitals--are endangered. The small town way of life is at risk, as is the underlying fabric of Oregon's economy.

Because of their size and location many of these towns are disadvantaged in attracting new investment. In addition, the funding from most existing state programs is allocated on a per capita basis, requires immediate job creation or a burdensome local match. Consequently, many of our hardest hit areas have needs that are not being met by existing state programs. Investment in rural development makes sense for two reasons. First, it can restore economic opportunity to major parts of the state. Second, it can assist the metropolitan regions in managing growth by making it possible for some of the expected growth to occur outside metro areas.

With innovation, creativity, and a willingness to change, Oregon can continue to be a state in which all of us have clear opportunities to enrich our lives through productive work and a high quality lifestyle.

KITZHABER'S RURAL STRATEGY

The mission for Governor John Kitzhaber's Rural Strategy is to develop an investment strategy that can build the infrastructure and opportunities to allow rural areas to benefit by the future growth of the entire state. This strategy is grounded in a set of values and principles that should guide the development of this rural strategy.

There are six major goals of the rural strategy:

1. Create a structure within state government that pushes the decision-making for some rural investments closer to the community level while still recognizing state and federal needs and priorities.
 - Expand and strengthen the current eleven Regional Strategies Boards to coordinate additional responsibilities, e.g., workforce quality committees, watershed councils, the new flexible Rural Revitalization Fund:
 - include cities, counties, special districts, tribes, private sector, and environmental interests,
 - build the decision-making capacity of regions by requiring adequate staffing and training.
 - Coordinate and integrate the delivery of services from all state agencies (eventually and where possible) to these same locally chosen regions and provide some state staff support (technical assistance) to these regions.

2. Create a new, very flexible \$15 million Rural Investment Fund in the Economic Development Department in addition to the existing Regional Strategies (\$19 million) and the Special Public Works Fund and Water/Waste Water Fund (\$16.6 million)
 - The Rural Investment Fund will be used by regions to make investments in infrastructure and opportunities necessary to their orderly growth. Potential uses include:
 - infrastructure to support future job creation
 - community facilities that improve quality of life or development efforts
 - other critical unmet needs
 - workforce training and development
 - local/regional staffing and training to build the capacity of communities
 - The Governor-Elect and the Oregon Economic Development Department will appoint a Rural Advisory Committee to help structure the new Rural Investment Fund, get input from all rural areas and interest groups, and build support for Kitzhaber's rural strategy.
 - This fund should be highly leveraged, locally and with other programs like Regional Strategies, Northwest Economic Adjustment Initiative, etc.
3. Acknowledge investments by several other agencies in rural areas that will be part of a comprehensive rural development strategy. For example:
 - Department of Agriculture
 - Department of Environmental Quality
 - Forestry Department
 - Watershed Health - Water Resources
 - Housing and Community Development
 - Oregon Department of Transportation
 - Department of Land Conservation and Development
4. Invest in transportation in rural areas recognizing it as a critical economic development and livability issue.
 - Current transportation investments are not keeping pace with the state's needs. Besides a road backlog of \$8 billion, we must fund the development of projects (feasibility and engineering) on the State Transportation Improvement Program if they are to ever get to the construction phase.
 - A proposal to increase Oregon's transportation infrastructure investments should adhere to these principles:
 - Regional equity. Investments should benefit rural as well as urban areas and each region of the state
 - Modal balance. From road and bridge system to public transportation to ports and aviation
 - User pays. To the extent feasible, the proposal should rely on dedicated use fees to make transportation investments
5. Address regulatory issues that negatively impact rural areas and impede "good" development. By coordinating the "Rural Strategy" with the Governor's Office of Natural Resources and the Growth Management/Livable Communities efforts.
6. Recognize the importance of a comprehensive telecommunications policy that addresses the constraints in rural areas.

A RURAL STRATEGY FOR OREGON- VALUES AND PRINCIPLES

John Kitzhaber, Governor-Elect
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The mission for Governor Elect John Kitzhaber's rural strategy is to develop an investment program that can build the infrastructure and the opportunities to allow rural areas to benefit from the future growth of the entire state. To carry out the mission requires a viable program and a partnership between state government and the people of rural Oregon. This program should be grounded in the following values and principles:

Value Statements

- While all Oregonians share some common goals, there have always been political and economic differences between urban and rural areas. These differences can be a source of strength for Oregon--accepting these differences is the first step in finding the common ground to move collectively towards our goals.
- Healthy, livable communities are the foundation of good government. And livable communities are determined not only by the quantity of our resources but by the quality of our relationships. This is true for all communities: inner city neighborhoods, cities, small towns, tribes, etc.
- All communities have people of great talent and dedication who can make good decisions. State government must trust them to do so. Accountability for decisions and results should be shared by all parties.

Principles for a Rural Development Investment Strategy:

1. The vitality of Oregon's economy depends to a large extent on the capacity of its rural areas to develop and thus to enhance our statewide quality of life.
2. Rural areas will require new investments in the coming years to accommodate growth. The state must be a partner in making investments in physical and civic infrastructure. These investments should:
 - Be based on priorities determined by locally chosen, regional economic development entities with recognition of state needs and priorities,
 - Link rural areas through transportation and telecommunication networks,
 - Leverage local, private, and federal resources,
 - Encourage local initiative
 - Promise a reasonable economic development return which reflects a balance between the size of the investment and it's risk.
3. State government should seek balance between state and local interests, always mindful of the power of partnerships with local entities to accomplish mutual goals.
 - When there is **no conflict** between state and local interests, the local community will determine the course of action in cooperation with the state

- When there is **conflict**, a mediated approach will be used and responsibility for resolution will be shared by all parties (recognizing the difficulty of sorting out interests of various parties).
4. The state must recognize the diversity of rural needs and be flexible as to how programs are applied. Rural areas have the responsibility of clearly articulating their needs.
 5. Rural communities must create investment strategies and establish benchmarks for measuring their progress, efficiency and accountability. The state should be a collaborator in this effort.
 6. The state shall maximize options for local decision-making and invest in building the civic infrastructure for communities to make decisions. The state must then trust local priorities.
 7. Communities will make reasonable requests and acknowledge the limitations of the state to solve every problem, and they will leverage their own resources whenever possible. The state shall put a priority on simplifying access to state resources and responding quickly to appropriate requests.
 8. The state will provide leadership in coordinating and integrating programs, services, and regulatory activities among jurisdictions. Local entities will be responsive in adapting to these changes.
 9. Regulatory flexibility is necessary to meet the diversity of local circumstances without sacrificing statewide needs and priorities. The state will coordinate its regulations through the Natural Resource Policy Office.
 10. Rural development expertise shall be included at the highest levels of policy and investment decision-making where rural community interests are at stake, particularly in the natural resource policy office and the livable communities office.